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DAILY REPORT

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UN 39TH SESSION CLOSURES, 40TH OPENS 19 SEP

Envoy on Economic Negotiations

OW170856 Beijing XINHUA in English 0812 GMT 17 Sep 85

[Text] United Nations, September 16 (XINHUA) -- There is still a lot of "unsolved and unfinished business" though the present session has fulfilled "some of the hopes and aspirations of the peoples of the world," said Paul J.F. Lusaka. He is president of the 39th Session of the United Nations General Assembly.

Speaking at the closing meeting of the 39th session, Lusaka referred to the adoption of a comprehensive declaration on the critical economic situation in Africa. He said the world conference to review and appraise the achievements of the United Nations Decade for Women has taken place and an international convention against torture has been concluded. Lusaka said that the 39th session has considered 143 agenda items in all and adopted a record number of resolutions on the question of disarmament. He said he was encouraged "by the prospects for high-level dialogue" between the United States and the Soviet Union on arms control.

Lusaka noted that many things remain to be solved. He mentioned the serious debt and foreign exchange problems, the threat of nuclear weapons, the inhuman policy of apartheid and the questions of Palestine, Namibia, Kampuchea, the Middle East, Afghanistan and Central America. While regretting that the session has failed to launch global negotiations on international economic cooperation for development, he noted that economic self-sufficiency "is one of the most effective instruments for achieving the goals and objectives of the charter."

The closing meeting decided that eight agenda items including the launching of the global negotiations, the situation in Central America, the question of Cyprus and the armed conflict between Iran and Iraq will be deferred to the next session, which begins tomorrow, for further consideration. Speaking on behalf of the Group of 77 developing countries, Ahmad Tawfiq Khalil of Egypt reaffirmed the group's commitment to global negotiations in accordance with the relevant General Assembly resolution. "We shall continue to urge the international community towards attaining an international economic order based upon the principles of justice, equality and mutual benefit," he stressed.

Chinese representative Wang Baoliu urged a positive attitude to facilitate the launching of global negotiations.

PRC Named To Credentials Committee

OW181245 Beijing XINHUA in English 1035 GMT 18 Sep 85

[Text] United Nations, September 17 (XINHUA) -- The 40th Session of the United Nations General Assembly opened here this afternoon with 159 member states in attendance.

Paul Lusaka of Zambia, outgoing president of the 39th session, opened the new one. In early business, the General Assembly appointed nine states, including China, to the Credentials Committee for the 40th session. Then, the representatives unanimously elected Spain's Jaime de Pinies, as president of the 40th Session of the U.N. General Assembly.

Chairmen of the seven main committees of the U.N. General Assembly also were elected, and the delegation heads of 21 member states -- including China and other permanent Security Council members -- were named vice-presidents of the assembly.

Lusaka, in his opening speech, expressed hope that on the 40th anniversary of the world body people would have a better knowledge about "the positive and not so positive aspects of the United Nations," and that the gathering of world leaders during the 40th anniversary "would lead to international understanding and cooperation."

De Pinies, in his inaugural address, said it was no secret that the United Nations was in a crisis and had not lived up to the hopes of its founders. He suggested the possibility of amending the U.N. Charter and the moderation of the use of the veto in the Security Council. He also expressed the hope that 1985 should not only be proclaimed as the international year of peace, but should be a year to resolve various international problems.

During the assembly's three-week general debate, beginning September 23, 150 speakers including 13 heads of state and 7 heads of government will deliver speeches on world events. In the 10-day commemorative session of the 40th anniversary beginning October 14, more than 60 heads of state and government will address the assembly. The 40th session's agenda is the longest in U.N. history. There now are 147 items to be discussed, including world trouble spots, arms control talks and the world economy.

ZHAO GONGDA URGES INTERNATIONAL ECONOMIC REFORM

OW191908 Beijing XINHUA in English 1840 GMT 19 Sep 85

[Text] Geneva, September 19 (XINHUA) -- The maladies of the current international economic order are "inextricably linked" to the economic plight of the developing countries and reforms should be carried out, a Chinese representative said here today.

Addressing the 31st Session of the United Nations Conference on Trade and Development (UNCTD), which opened on September 16, Zhao Gongda said economic recovery in the developed countries has brought "little benefit" to developing nations. During the period from 1982 to 1984, he said, the developing countries suffered a loss of 38 billion U.S. dollars due to the sharp decrease in the price of primary products from the 1981 level. In Africa, some 500,000 people died from starvation last year, he said, citing U.N. statistics.

The Chinese representative called on the international community to take urgent measures to help Africans survive disasters and to guarantee stable export earnings for the developing countries. Economic development of the developing countries, and of the least-developed countries in particular, is undermined also by their heavy burden of debt incurred from problems of trade, finance and monetary issues, he said, adding that the problem "has turned into a thorny issue of international concern."

He hoped the developed creditor countries and international financial institutions will relieve the developing countries of their debt burden by working out an integrated, long-term and sound solution including increased financial flow to them so as to allow them to draw up correct domestic economic measures.

Zhao criticized some developed countries for seriously violating the non-discrimination and most-favored-nation principles, two most important means of liberalizing world trade.

He said the protectionist measures such as the "Jankins bill" introduced by "a developed country" against textile and clothing exports from developing countries "run entirely counter" to the principle of free trade. "As long as these measures of protectionism are not removed, world trade in textiles and ultimately the entire multilateral trading system will suffer disaster consequences," he noted. He demanded "urgent streamlining and reforms" of the post-war system of world trade based on the General Agreement on Tariffs and Trade (GATT).

WORLD BANK HEAD ON CREATING NEW FINANCIAL BODY

OW190830 Beijing XINHUA in English 0631 GMT 19 Sep 85

[Text] San Francisco, September 18 (XINHUA) -- World Bank President A.W. Clausen expected governors from member countries to agree to form a multilateral investment guaranty agency to facilitate political risk investment in developing countries. These countries need additional external cash to keep their economy going, he said. The governors will meet in South Korea early next month.

Clausen made the remarks in an exclusive interview with XINHUA Tuesday at the San Francisco Fairmont Hotel where he is staying to participate in the international industrial conference.

The new financial organization, under which the World Bank will co-sponsor insurance with international private insurers, will provide the safest ways for private financiers to put their investment in the developing countries, President Clausen said. Another item on the forthcoming meeting agenda will deal with the bank's lending programs. He hoped that the conference could rally the broadest support possible from the participants for an expanded loan operation to meet the urgent requirement of the developing countries in the years ahead. The meeting will also do pipe-laying work for the replenishment of the IDA funds designed for financial aid to the lowest income Third World countries. The current non-governmental international industrial conference is held to take stock of the world economic situation including issues such as trade protectionism, business planning and management. Over 500 business leaders, industrialists and financiers from 65 countries are attending the meeting.

Clausen said that the developing countries need more capital inflow to accelerate their economic growth and that the industrialized nations should play a role to help make new funds available to the needed. A stronger economy in the developing world will in turn better the economic performance in the developed nations, he said, adding that the United States, for instance, exports every year about 40 percent of its total exported products to the developing countries. Clausen noted that the mounting foreign debt in the developing countries is one of the most important issues facing the world today. "There is no one pill that can settle all debt problems," he said. "It must be treated case by case, for conditions prevailing in one country differ from the other." He advocated an open trade regime which enable all trading partners to carry on normal business in the absence of protectionist restrictions.

Under the present circumstances, the World Bank president counselled both developed and developing countries to adjust themselves to the changing international environment. "Help starts at home," he said.

NATO OFFICIAL RAPS SOVIET MISSILE DEPLOYMENT

OW181210 Beijing XINHUA in English 1155 GMT 18 Sep 85

[Text] Brussels, September 17 (XINHUA) -- The Soviet Union has continued deploying SS-20 missiles despite the declared moratorium on intermediate-range nuclear forces (INF) deployments by Soviet President Mikhail Gorbachev on April 7, Allen Holmes, current chairman of the NATO Special Consultative Group (SCG), charged here today.

Holmes, who is also the director of political and military affairs of the U.S. Department of State, told a press conference here that the NATO group had discussed the possibility of reaching an agreement on INF control in the upcoming third round of nuclear and space arms talks between the Soviet Union and the United States in Geneva. He said that Ambassador Maynard Glitman, U.S. negotiator for INF, had consulted with the group on the possibility of reaching an agreement at the Geneva talks on substantial and verifiable reductions of U.S. and Soviet INF missile warheads.

The SCG reiterated the alliance's commitment to the 1979 dual track decision on deployment and arms control and their support for the U.S. approach towards arms control talks. The group stressed NATO's readiness to modify or eliminate, the long and intermediate range missile deployments as part of an equitable and verifiable arms control agreement. Without such an agreement, Holmes warned, the alliance will continue deploying those missiles as scheduled.

He said that the SCG regreted that Moscow is not yet willing to negotiate on the basis of an equal global ceiling for the United States and the Soviet Union. The group hoped that Moscow would engage in "meaningful discussions" on the reduction of INF missiles at the third round of talks.

U.S.-USSR ARMS TALKS RESUME IN GENEVA 19 SEP

OW191919 Beijing XINHUA in English 1855 GMT 19 Sep 85

[Text] Geneva, September 19 (XINHUA) -- The United States and the Soviet Union today began a third round of arms talks on controlling nuclear missiles and space weapons with the two sides still sharply divided on the U.S. star wars research program.

Chief Soviet negotiator Viktor Karpov told reporters before entering the U.S. arms control offices here that progress in the third round would depend on the United States. If the U.S. side shows willingness to reach effective solutions, there will be progress, if it doesn't, there won't, he said. When asked to comment on the talks, Karpov said he had instructions to meet effective solutions during the negotiations, "solutions which will lead to the non-militarization of space and termination of the arms race on earth."

Chief U.S. negotiator Max Kampelman told reporters that "the goal (for the talks) is agreement and stability."

Both Kampelman and Karpov said the coming round of talks had assumed greater importance because it precedes the U.S.-Soviet summit in November.

The first two rounds produced no evident results. Each side blamed the other for lack of progress. The Soviets have demanded that the United States scrap the star wars research program, which seeks to create a space-based shield against oncoming missiles, before agreements in other arms areas are possible.

U.S. President Ronald Reagan said Tuesday he would not give up testing or development of the program in exchange for reductions in Soviet offensive nuclear missiles. The Soviet leader, Mikhail Gorbachev, said this month that "the Geneva negotiations will lose all sense" if the United States sticks to its commitment to develop the star wars program.

TIAN JIYUN SPEAKS AT AFRO-ASIAN INSURANCE MEET

OW171654 Beijing XINHUA in English 1536 GMT 17 Sep 85

[Text] Beijing, September 17 (XINHUA) -- Representatives and observers from 285 insurance companies from 64 countries met here today for the ninth general meeting of the Federation of Afro-Asian Insurers and Reinsurers.

At the four-day conference, they will discuss a wide range of insurance matters and celebrate 20 years of co-operation.

Chinese Vice-Premier Tian Jiyun made the opening speech and called for further active co-operation in the African and Asian insurance industry.

Delegates will present papers on major insurance concerns, such as nuclear power stations, offshore oil drilling, dam construction and airline companies.

After the opening ceremony, Qian Jianzhong, from the People's Insurance Company of China, presented a paper on the insurance of Chinese offshore oil ventures.

The Federation of Afro-Asian Insurers and Reinsurers was founded in 1964 to promote co-operation in the insurance industry on the two continents. It provides insurance companies in Asia and Africa with information, technology and training, and organizes seminars and insurance and reinsurance business exchanges between members and with insurance companies in the developed world.

FURTHER REPORT ON VISIT OF NPC DELEGATION

Meets With Shultz

OW200900 Beijing XINHUA in English 0851 GMT 20 Sep 85

[Text] Washington, September 19 (XINHUA) -- U.S. Secretary of State George Shultz said the development of U.S.-China relations is in the interest of the two countries and the world at large. Shultz made the remarks today during a meeting with a Chinese National People's Congress delegation. Wang Renzhong, vice-chairman of the NPC Standing Committee is leading the group. Shultz said U.S.-China relations have a solid foundation for further development, but he is satisfied with the development of relations between the two countries. Some differences still exist between the United States and China, he said, adding that ways and means, however, have been found by the two countries to handle these differences.

He noted that Sino-U.S. trade stood at 6.5 billion dollars last year and 24 protocols covering some 400 items have been signed -- direct results of U.S.-China relations.

Shultz and Wang also discussed the promotion of bilateral trade and technological cooperation as well as international issues of common concern. Zhang Zai, charge d'affaires of the Chinese Embassy in Washington, also was present.

Meets With Reagan

OW200820 Beijing XINHUA in English 0750 GMT 20 Sep 85

[Text] Washington, September 19 (XINHUA) -- U.S. President Ronald Reagan received a delegation of the Chinese National People's Congress (NPC) at the White House here this afternoon. Reagan extended his welcome to the delegation, led by NPC Standing Committee Vice-Chairman Wang Renzhong, and noted that this was the first time NPC representatives have visited the United States.

Wang conveyed greetings to Reagan from Chairman Deng Xiaoping, President Li Xiannian, Premier Zhao Ziyang and NPC Standing Committee Chairman Peng Zhen.

Reagan recalled the warm hospitality accorded him and his wife Nancy during their visit to China in 1984, and said the visit left them with "beautiful memories." The U.S. President said such exchanges would lead to stronger relations.

Earlier, Vice President George Bush told the NPC delegation that the recent visit of Li Xiannian to the United States was "a big success." Bush said he is looking forward to reviewing Sino-American relations during his upcoming visit to China. On trade and economic relations, Bush said the United States would "assist and facilitate" China in its modernization drive.

White House Chief of Staff Donald T. Regan and charge d'affaires ad interim of the Chinese Embassy in Washington, Zhang Zai, were present on the occasion.

Senate Leaders Host Dinner

OW200912 Beijing XINHUA in English 0900 GMT 20 Sep 85

[Text] Washington, September 19 (XINHUA) -- U.S. Senate Majority Leader Robert Dole and Minority Leader Robert Byrd hosted a dinner here this evening in honor of a visiting delegation of the Chinese National People's Congress (N.P.C.).

In his toast, Dole expressed warm welcome to the N.P.C. representatives on their first visit to the United States. Dole recalled his recent visit to China and said he hoped the delegation's visit to the United States will be a success. The delegation is headed by Wang Renzhong, vice-chairman of the NPC Standing Committee.

In his reply, Wang said the purpose of his visit is to enhance the mutual understanding and friendship between the two peoples, increase the contacts between the two legislative bodies and promote the development of Sino-U.S. friendship. Wang said that Sino-American understanding, respect, and friendship not only conforms to the interests of the Chinese and American peoples but also is conducive to world peace.

Among the nearly eighty people at the dinner were Treasury Secretary James Baker, and Zhang Zai, charge d'affaires of the Chinese Embassy here.

Earlier this evening, the Chinese parliamentarians were invited to a House of Representatives reception hosted by Congressmen John Dingell and Norman Lent. The Chinese delegation arrived here yesterday for a ten-day goodwill visit at the invitation of the Senate majority and minority leaders. Yesterday afternoon, the delegation visited the Capitol and the Senate Chamber, where they were introduced by Dole and Byrd and were accorded a warm welcome. They also attended a coffee meeting with the Senate Foreign Relations Committee hosted by its chairman, Richard Lugar.

REAGAN ON U.S.-USSR JOINT ACTION IN TROUBLE SPOTS

OW191121 Beijing XINHUA in English 1106 GMT 19 Sep 85

[Text] Washington, September 18 (XINHUA) -- President Ronald Reagan has suggested that the United States and the Soviet Union make joint intervention in trouble spots around the world to "help bring about a peace."

In a television interview with the American Broadcasting Company (ABC) broadcast this evening, Reagan said there may be times in which the two countries, "combined, could intervene in some of the regional difficulties and some of the minor wars that have started here and there, and help bring about a peace." "I believe all this is possible," the President said. He hoped that the two countries would "start that process" in November when he meets with Soviet leader Mikhail Gorbachev in Geneva.

Although he talked about joint intervention with the Soviets in global trouble spots, Reagan did not suggest he was talking about military intervention. He would not say specifically whether such a proposal is on his agenda for the summit conference.

Last week, the United States and the Soviet Union concluded two days of high-level discussion on situations in East Asia. Prior to this, the two countries held three sets of talks on the Middle East, Afghanistan and southern Africa.

Reagan also said that despite 40 years of confrontations with the Soviet Union since the end of World War II, "that doesn't mean that we give up, or that doesn't mean that we succumb to the inevitability of conflict." Although the Soviets "have shown that theirs is an expansionist policy", Reagan said, he believed there are opportunities to be pursued with the Soviet Union. "We now have redressed our military capability to the point that the Soviet Union does not have an undisputed (military) superiority of such nature that they could deliver an ultimatum, 'surrender or die'," he said.

HIGH ENERGY CHEMICAL LASER TEST CONDUCTED

OW190352 Beijing XINHUA in English 0236 GMT 19 Sep 85

[Text] Washington, September 18 (XINHUA) -- The United States conducted on September 6 a high energy chemical laser beam firing test as part of the "star wars" project, the U.S. Defense Department announced here yesterday. The laser beam firing test, which is the first full-scale demonstration of the potential weapon, destroyed a Titan booster rocket rigged to simulate a Soviet nuclear-armed missile.

The announcement said that the test against the rocket booster, carried out at the White Sands Missile Range, New Mexico, was the first of its kind, and previous tests against a target were conducted in the laboratory. In the test, weighted loads were applied to the Titan one stage to simulate a Soviet intercontinental ballistic missile in flight carrying nuclear-armed warheads. The so-called "successful" test was the first in a series "to determine the feasibility of lasers as potential weapons," said the announcement.

The United States conducted on September 13 another weapon test related to the "star wars," hitting a satellite in orbit over the Pacific Ocean with an anti-satellite weapon.

ZHAO ZIYANG MEETS OUTGOING AMBASSADOR HUMMEL

OW191346 Beijing XINHUA in English 1349 GMT 19 Sep 85

[Text] Beijing, September 19 (XINHUA) -- Premier Zhao Ziyang met here this afternoon Arthur W. Hummel, Jr., U.S. ambassador to China who will soon leave China at the end of his office.

TRADE OFFICIAL URGES OPPOSITION TO IMPORT QUOTAS

OW192042 Beijing XINHUA in English 2011 GMT 19 Sep 85

[Text] Washington, September 19 (XINHUA) -- U.S. Trade Representative Clayton Yeutter has appealed to businessmen to beef up their opposition to congressional plans for textile and apparel import quotas legislation.

The JOURNAL OF COMMERCE today reported Yeutter as warning a U.S. Chamber of Commerce meeting that the textile and apparel bill would "ravel" an existing international textiles and apparel trade agreement scheduled to be renegotiated next year and possibly bring "chaos" to international trade generally. Officials of the Reagan administration are seriously concerned that the Congress will pass the textile quotas bill and are particularly disturbed by indications from Senate Majority Leader Robert Dole that he will vote for it, the paper said. President Reagan has warned that he will veto the bill if the Congress passes it.

The administration has in mind a compromise with Congress by pledging to negotiate a much tighter Multifibre Arrangement (MFA), which governs most world textiles and apparel trade. In contrast, the U.S. textiles and apparel industry lobbyists want to subject all U.S. imports of textiles and apparel to a global quota, linking import growth to domestic market growth. The House Ways and Means Trade Subcommittee started today to draft a possible textile-apparel quota measure. There are about 300 trade bills waiting for action in Congress, which could mean the biggest U.S. protectionist offensive in postwar trade.

GROUP URGES EXPOSURE OF LIU MURDER 'PRIME CULPRIT'

OW191740 Beijing XINHUA in English 1722 GMT 19 Sep 85

[Text] New York, September 18 (XINHUA) -- A committee inquiring into the case of Henry Liu's assassination has urged the U.S. Government to bring the prime culprit in the crime to justice, reports from San Francisco said. It also asked the government to ensure the freedom of speech and the personal safety of those Chinese Americans hounded by Taiwan operatives.

In a statement issued yesterday, Wang Liang Chin, chairman of the Committee To Obtain Justice for Mr. Henry Liu, said he is glad to see that the government has eventually taken a lawsuit against the culprits involved in Liu's murder. His statement came after ten members of the Taiwan-based "United Bamboo Gang" were arrested early Monday in three U.S. cities and charged with Liu's murder, drug smuggling, gambling, extortion, kidnapping, and illegal sale of arms and ammunition.

However, Wang noted, it is strange that the lawsuit failed to mention such key plotters as Wang Hsi-ling, Taiwan's former Defense Intelligence Bureau chief; and Wu Tun, one of the Bamboo Gang leaders. He complained that Chen Chi-li, another ringleader now jailed in Taiwan in connection with Liu's murder, was only named as an accomplice but not as a defendant. The indictment also ignored the facts about the murderers violating the human rights of Henry Liu. The trial by the Taiwan authorities last year did not expose the prime culprit in Liu's case, Wang said. He vowed that his committee will continue its efforts to help find out the arch-criminal and press the Taiwan authorities to apologize to and compensate for Liu's family.

Henry Liu, a well-known Chinese-American writer who had nettled the Taiwan authorities with his political writings, was gunned down on October 15, last year, in Daly City, California, by three Bamboo gangsters sent from Taiwan. Wang stressed that Liu's murder indicated that the Chinese-Americans have been watched and intimidated by secret operatives from Taiwan. President Ronald Reagan, he pointed out, should do all in his power to guarantee the freedom of speech and the personal safety of the Chinese-Americans.

Helen Liu, Liu's widow, expressed the hope that the U.S. Department of Justice would look deeper into her husband's case and bring to light evidences not released in the Taiwan trial.

USSR RAPS U.S. CHEMICAL WEAPONS PRODUCTION

OW191914 Beijing XINHUA in English 1847 CMT 19 Sep 85

[Text] Moscow, September 19 (XINHUA) -- Western Europe will become a dual hostage -- nuclear and chemical -- of Pentagon, when the U.S. begins deploying its binary chemical weapons in Federal Germany, Britain, Italy and Turkey, a Soviet general said today.

Speaking at a press conference here, Major General Anatoly Kuntsevich of the Soviet Defense Ministry said the recent U.S. decision to manufacture binary chemical weapons is a "dangerous step" that opens a new field in the arms race.

Binary weapons, in a first strike, are of much strategic significance, he added. Even a very small amount of such chemical mixtures affect deep-going processes in man's nervous system, and thus kill or cripple people. The new weapons can exterminate manpower and civilian populations while leaving material values untouched; they are also dangerous because they can generate new types of toxic agents by secretly varying their components. Following the tests of its nuclear and anti-satellite weapons and just before the Geneva disarmament conference began practical efforts to ban chemical weapons, the U.S. decision to produce the "qualitatively new deadly variety of chemical weapons" means "another serious barrier" to reaching an international agreement on that matter, said Kuntsevich, also a corresponding member of the Soviet Academy of Sciences. The weapons "constitute a real threat to the countries and peoples in other regions of the world," the general said.

SOVIET OIL, STEEL OUTPUT DOWN AGAIN IN AUG

OW200836 Beijing XINHUA in English 0701 GMT 20 Sep 85

[Text] Moscow, September 20 (XINHUA) -- Soviet production of oil and steel in August was below the level in the same month last year, it was reported here.

The production of crude oil, the country's standard hard currency earner, fell again in August, continuing a downward slide noticeable over the past 19 months. According to a Soviet Central Statistical Board report, crude oil production was 50.4 million tons in August and 396 million tons for the first eight months of the year. In 1984, oil production was 51.9 million tons in August, and 411 million tons for the eight months of the year. Meanwhile, steel production was 13.2 million tons in August, and 102 million tons for the eight months. The board said that steel production was down 2 percent from the same period last year. But coal production was 60.4 million tons in August and 484 million tons for the eight months, slightly above the 1984 production figures. The board also noted that oil production is severely below this year's plan targets

It remains fresh in people's memory that early in September Gorbachev made a three-day inspection tour of the Tyumen Oilfield, the country's largest oil producer. He stressed the need to reverse the decline in oil production.

SPOKESMAN ON STUDENTS '18 SEP INCIDENT ACTIVITIES

OW191710 Beijing XINHUA in English 1659 GMT 19 Sep 85

[Text] Beijing, September 19 (XINHUA) -- Chinese Foreign Ministry spokesman today made remarks when asked by foreign correspondents to comment on Beijing students' commemorative activities yesterday to mark the anniversary of the September 18th incident.

His remarks are: "With regard to the official visit by Japanese Cabinet members to the Yasukuni Shrine, at which first grade war criminals are worshipped the Chinese Government has made its position clear to the Japanese Government and requested the latter to handle the matter with prudence. Regrettably, however, the Japanese side, ignoring our friendly exhortations, went ahead with the official visit to the shrine, thus hurting seriously the feelings of the Chinese people.

"It is the established policy of the Chinese Government to develop Sino-Japanese good-neighborly and friendly relations in conjunction with the Japanese Government and people on the basis of the principles laid down in the joint statement of the Chinese and Japanese Governments and the Sino-Japanese treaty of peace and friendship. We hope that the leaders of the Japanese Government will faithfully honor their promise, that is, Japan will not take the path of militarism again, and that they will continue to play their part in consolidating and developing Sino-Japanese friendship and maintaining peace in Asia, and the world."

GU MU MEETS JAPANESE TRADE OFFICIAL 19 SEP

OW191624 Beijing XINHUA in English 1454 GMT 19 Sep 85

[Text] Beijing, September 19 (XINHUA) -- Chinese State Councillor Gu Mu today exchange views with Shoichi Akazawa, chairman of the board of directors of the Japan External Trade Organization, on expansion of Sino-Japanese trade.

The Japanese visitors arrived here yesterday as guests of the China Council for the Promotion of International Trade. They will go to Shanghai to attend the inauguration ceremony of the Shanghai office of the Japan External Trade Organization.

NPC VICE CHAIRMAN MEETS JAPANESE YOUTH GROUP

OW200904 Beijing XINHUA in English 0756 GMT 20 Sep 85

[Text] Beijing, September 20 (XINHUA) -- Vice-Chairman Zhou Gucheng of the National People's Congress Standing Committee met here today with a Japanese youth delegation led by Hideki Nakai, associate professor of Hokkaido University. The visitors arrived here on September 18 at the invitation of the All-China Youth Federation.

DPRK SPOKESMAN DENIES HO TAM VISIT TO SEOUL

OW191923 Beijing XINHUA in English 1913 GMT 19 Sep 85

[Text] Pyongyang, September 19 (XINHUA) -- Korea's spokesman of the Committee for the Peaceful Reunification of the Fatherland today issued a statement saying that foreign news agency reports alleging that Ho Tam, chairman of the committee, had visited Seoul recently to promote "summit talks", are utterly groundless, the KOREAN CENTRAL NEWS AGENCY reported today. The statement said that Ho Tam had never visited Seoul, nor has he had any contact with the South Korean side.

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PRC INTERNATIONAL AFFAIRS
NORTHEAST ASTA

NORTH, SOUTH KOREA BEGIN EXCHANGE OF VISITS

OW200842 Beijing XINHUA in English 0715 GMT 20 Sep 85

[Text] Kaesong, Korea, September 19 (XINHUA) -- A woman from the North of Korea said here today she will hold a belated 60th birthday family feast for her mother when they are reunited in Seoul after a 35-year separation.

Yi Chol-ki, the woman, is one of the war-torn family members who will join in the exchange of visits by art troupes and native-place visiting delegations from both sides of the country. The exchange of visits, the first in 40 years, was agreed upon by Red Cross officials of the two sides on August 22. The art troupe and the delegation from the North arrived here from Pyongyang today and will go to Seoul via Panmunjom tomorrow morning.

Yi Chol-ki told XINHUA reporters that her family used to live near the present location of the Sheraton Hotel in Seoul. She said her mother now is about 74 years old. Yi In-ch, a writer of the Korean Literature Creation Society, is another dispersed family member. He hoped he could meet his mother and brother in Seoul and tell them about his life during the past 35 years.

Korea was divided into two parts 40 years ago and many families were separated when the Korean war broke out in 1950. Paek In-chun, head of the art troupe from the North, said the two sides should cooperate more and arrange more exchanges to deepen mutual understanding and to help realize national reconciliation. He said he hopes his troupe's visit will contribute to the ongoing North-South dialogues.

FURTHER ON VISIT OF SINGAPORE'S LEE KUAN YEW

Zhao Ziyang Hosts Banquet

OW191856 Beijing XINHUA in English 1830 GMT 19 Sep 85

[Text] Beijing, September 19 (XINHUA) -- Chinese Premier Zhao Ziyang gave a banquet for Singapore's Prime Minister Lee Kuan Yew and his wife and their party here this evening.

Zhao said that the two governments and peoples of China and Singapore have entered into fruitful cooperation of various forms in the fields of enterprise investment, science and technology. "This is a good beginning," he said, adding there are many areas of cooperation to be opened. Premier Zhao said the people of Singapore have chosen a course of economic development suited to their own national conditions and as a result, achieved fairly rapid economic growth under the leadership of Lee Kuan Yew.

Singapore has accumulated rich experience in introducing foreign capital and technology, opening up international market and training personnel, he said. He reaffirmed that the Chinese Government and people support the positive proposal of establishing a zone of peace, freedom and neutrality in Southeast Asia jointly put forward by Singapore and other ASEAN countries. "We highly appraise Singapore's just stand of supporting the Coalition Government of Democratic Kampuchea and the Kampuchean people in their struggle against aggression."

He repeated China's position that the withdrawal of all foreign troops of aggression from Kampuchea is the key to settling the Kampuchean question as well as an important guarantee for safeguarding peace and security in Southeast Asia. "The Chinese people are ready to make continued and unremitting efforts with peoples of Southeast Asian countries towards this end."

In his speech Lee Kuan Yew said since his last visit to China in 1980, enormous changes have taken place. He said, China's economy has grown rapidly with the new responsibility system and incentives. The opening of China to foreign trade, investments and technology, will transform her economy in due course. He said, the significant developments in China's relations with the super-powers have on the whole lessened the risks of accidental conflict and encouraged more trade. China has also made bilateral progress with nearly all ASEAN countries.

The prime minister said, Singapore-China trade has increased since the signing of the trade agreement in December 1979. He said, with China's open door policy, the scope for co-operative arrangements between Singapore and China is considerable, especially in fields like construction and engineering, tourism, electronics and computers, petroleum and petrochemicals, city planning and the design of housing and industrial estates.

Lee Kuan Yew said, the major problem in Southeast Asia is the Vietnamese occupation of Cambodia. "ASEAN's policy of opposition to Vietnamese aggression is combined with a determined search for a political solution. The resistance forces of the Coalition Government of Democratic Kampuchea will continue to make the Vietnamese occupation of Cambodia costly, both domestically and internationally. China, too has an important role in countering the aggressor." He stated that an independent Cambodia, one not under the domination of any foreign country, is in the interests of peace and stability in the region. Present were State Councillors Gu Mu and Wu Xueqian.

Meets Li Xiannian

OW200828 Beijing XINHUA in English 0805 GMT 20 Sep 85

[Text] Beijing, September 20 (XINHUA) -- Chinese President Li Xiannian said today he was satisfied with the relations between China and Singapore.

The president also hoped for better relations between China and other member states of the Association of Southeast Asian Nations (ASEAN) at a meeting with visiting Singaporean Prime Minister Lee Kuan Yew and his wife in the Great Hall of the People. Talking of the Sino-American and Sino-Soviet relations, Li said China was willing to improve its relations with both countries, but it would abide by principles.

Present on the occasion were President Li's wife Lin Jiamei and Chinese State Councillor Gu Mu.

Deng Introduces Hu Qili

OW200940 Beijing XINHUA in English 0926 GMT 20 Sep 85

[Text] Beijing September 20 (XINHUA) -- The ongoing party conference will bring down the average age of members of the party's leading organisations, Deng Xiaoping, chairman of the Chinese Communist Party (CPC) Central Advisory Commission, said here today. Deng made the comment at a meeting with Singapore's visiting Prime Minister Lee Kuan Yew in the Great Hall of the People. The CPC would continue its efforts to select younger party leaders, a job which began seven years ago, he said.

Lee told Deng that he looked healthier and still had the same keen insight that he had when the two met five years ago.

Deng said he had fewer worries now that arrangements had been made for China's future.

Deng introduced Hu Qili, a member of the Secretariat of the CPC Central Committee, to Lee, saying that Hu was one of the younger party leaders. Lee said that great changes had taken place in China since his last trip here five years ago.

The two leaders exchanged views on a wide range of issues of mutual concern. Concerning Vietnam's claim that all its troops would be withdrawn from Kampuchea in five years, Deng said that Vietnam had said they would withdraw only when all resistance forces in Kampuchea were wiped out. He added that some people believed that Vietnam's attitude had somehow become less rigid, but in fact Vietnam would not change its position and would still try to gobble up Kampuchea. The Chinese leader described the behavior of the Vietnamese authorities in having its people settle in Kampuchea as a policy even more vicious than that of Israel in building settlements on the West Bank of the Jordan River.

Deng expressed the hope that the Association of Southeast Asian Nations (ASEAN) and China would step up efforts, together with the international community, to create a proper political climate for the settlement of the Kampuchean issue. State Councillor Gu Mu was also present at the meeting.

THAI FORCES REVEAL SRV TANK UNIT HIT BY DK FORCES

OW191720 Beijing XINHUA in English 1637 GMT 19 Sep 85

[Text] Bangkok, September 19 (XINHUA) -- The Democratic Kampuchean National Army (DKNA) on August 31 ambushed a Vietnamese tank unit near highway 18 in the southeastern part of Kampuchea's Battambang Province, killing 127 Vietnamese, wounding 220 others and damaging a number of tanks.

It was disclosed here today by a spokesman of the Thai frontier guards in Chanthaburi and Trat Provinces at a press conference held in the Armed Forces Supreme Command. The half-hour fighting, in which one DKNA soldier was killed and five others wounded, is comparatively large in scale since the resistance forces penetrated into the Kampuchean interior to fight the Vietnamese this year, he noted.

He said that the resistance forces had expanded their operation in the interior. They launched frequent attacks and inflicted serious blows on their enemies. They also conducted guerrilla warfare continually against Vietnamese troops deployed around the Kampuchean-Thai border areas.

Meanwhile, Army spokesman Major General Narudon Detpradiyut disclosed that Vietnam had recently transferred 3,000 troops from Phnom Penh to Rattanakmond District in Battambang, in preparation of the next-dry-season offensive. Mobilization of heavy weapons and deployment of troops were also carried on in Siem Reap and Oddar Meanchey provinces as well as other districts of Battambang, he added. Narudon added that a military conference was held recently in Sayaboury Province in north Laos between Laotian and Vietnamese troops stationed in the country. Vietnam had decided to send troops to regions along Lao-Thai border. At the same time it would assist the new Siam party it installed in Thailand to infiltrate the seven northern Thai provinces, including Chiang Rai and Nan.

HONG KONG BENEFACTOR DONATES BOOKS FROM TAIWAN

OW191713 Beijing XINHUA in English 1630 GMT 19 Sep 85

[Text] Beijing, September 19 (XINHUA) -- A Hong Kong book company today donated more than 16,000 copies of books published in Taiwan to the National Committee of the Chinese People's Political Consultative Conference (CPPCC).

Deng Yingchao, chairwoman of the CPPCC National Committee, and Xi Zhongxun, member of the Political Bureau of the Communist Party Central Committee, attended the donation ceremony here.

Deng Yingchao met Shek Kingyee, chairman of the Hong Kong company, Hong Wing Books, before the ceremony. She spoke highly of Shek's patriotic enthusiasm.

The donated books include dictionaries, works on scientific and technological engineering, literature, history and philosophy, economics and management, arts, medicine, law and education.

Some of them are rare on the mainland, such as "Treasure at Dunhuang Grottoes" and "Famous Paintings of the Imperial Palace".

Shek, from Nanhai, Guangdong Province, also donated more than 3,000 copies of books in foreign languages.

Over the past few years, he has frequently visited Taiwan and the mainland to select various books to donate to relevant institutues on the mainland.

Since 1978, he has donated more than 80,000 copies of books worth four million Hong Kong dollars to more than 20 organizations on the mainland, including Guangzhou Library, Jinan University and Radio Beijing.

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Speaking at the donation ceremony, Shek said he hoped the books would play a role in establishing links between the mainland and Taiwan in such areas as postal services, navigation and trade.

Addressing the ceremony, Jiang Chunfang, head of the cultural group of the CPPCC National Committee, said the donation opened up an opportunity for academic and cultural exchanges between Taiwan and the mainland.

Taiwan scholars and cultural and academic experts would be welcome on the mainland to attend academic symposiums or to give lectures to help boost the development of Chinese culture.

Present at the ceremony were more than 400 people from Beijing, including several vice-chairmen of the Standing Committee of the National People's Congress and vice-chairmen of the CPPCC National Committee.

PAKISTAN CONCERNED OVER SOVIET-AFGHAN DEPLOYMENT

OW192046 Beijing XINHUA in English 2020 GMT 19 Sep 85

[Text] Islamabad, September 19 (XINHUA) -- Minister of State for Foreign Affairs of Pakistan Zain Noorani said today that the recent increased deployment of Soviet-Karmal forces near Pakistan's borders is a matter of obvious concern to this country.

In a brief statement in the National Assembly, the minister of state said every possible step is being taken to ensure the territorial integrity and the defense of the country. Norani had earlier said that there had been an intensification of military activities in areas close to Pakistan's borders, particularly in the Paktia province of Afghanistan which adjoins the Kurram and North Waziristan Agencies of the North West Frontier Province. He said, this increase in military activity and in the deployment of forces close to the borders seems to be related to operations inside Afghanistan. The operations have already led to an increase in the violations of Pakistan's air space and territory.

The minister said the determination of the government to protect the lives and properties of Pakistan citizens and to defend every inch of the country has been emphasized in several statements of the president and the prime minister. The government will not be provoked into deviating from its policy of maintaining a climate in which a principled and peacefully negotiated political settlement of the Afghan problem can be successfully reached.

AFGHAN GUERRILLAS DOWN SOVIET-KARMAL HELICOPTER

OW191442 Beijing XINHUA in English 1414 GMT 19 Sep 85

[Text] Islamabad, September 19 (XINHUA) -- Afghan guerrillas have shot down a helicopter carrying a high-ranking Soviet-Karmal Army delegation, killing all the eight people on board, it was learned here today. The guerrilla sources said the delegation was flying from Kabul to the eastern Afghan province of Paktia where Soviet-Karmal troops have been involved in heavy fighting with the mujahideen (holy-war fighters) for over a month. The fighting began with an offensive by the Soviet-Karmal forces to release the siege of the Khowst Cantonment.

Heavy casualties have been reported on both sides since the fighting began in the area. The mujahideen claimed to be holding their ground and have inflicted heavy loss of men on the Soviet-Karmal forces. However, at least 30 mujahideen have reportedly been killed and 107 others wounded. It was said that among those killed were two guerrilla commanders, Mowlawi Ahmad Gul and Haji.

In the northern Afghan province of Takhar, the Soviet troops were engaged in the massacre of unarmed civilians and poisoning of wells and canals, the AGENCY AFGHAN PRESS reported. They have also set ablaze houses in rural areas of the province, it added.

TIAN JIYUN, FRENCH VISITORS DISCUSS COOPERATION

OW191420 Beijing XINHUA in English 1406 GMT 19 Sep 85

[Text] Beijing, September 19 (XINHUA) -- Chinese Vice Premier Tian Jiyun met with Michel Giraud, president of the Regional Council of L'ile-de-France and his party this afternoon.

At the meeting, Giraud expressed his hope for boosting many-sided cooperation between Paris and Beijing. Tian said that possibilities exist for the two cities to cooperate in areas such as municipal construction, environmental protection, transportation, economy, technology and trade. He said that the visit of the French friends would open a new channel for the bilateral cooperation.

The French visitors arrived in Beijing on September 17 for a friendly visit to China as guests of the Beijing Municipal People's Government.

FRG STATE MINISTER-PRESIDENT VISITS ZHEJIANG

OW192222 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 17 Sep 85

[Text] Lothar Spaeth, minister-president of the FRG state of Baden-Wuerttemberg, and his party wound up their visit to Hangzhou and left for Changzhou by train this afternoon.

A ceremony to sign three agreements was held at Hangzhou Hotel this morning: One was between the FRG's (Pei-Bi-Fei) Company and the Zhejiang Provincial Silk Company on compensated trade of printed and dyed silk; another between the FRG's (WAL) Company and the Hangzhou City Public Transportation Company on the joint management of buses; and a third one between the provincial Tourism Bureau and Hangzhou branch of the International Tourist Agency and the FRG's (Ao-er) Tourism on cooperation in developing the FRG's tourism market and organizing FRG tourists to China.

The FRG guests also visited the Hangzhou silk printing and dyeing plant and conducted business negotiations with provincial departments concerned.

Vice Governor Wu Minda, Director of the provincial Foreign Affairs Bureau Zhao Jiafu, and responsible persons of departments concerned accompanied the FRG guests during their tour. They also attended the ceremony to sign the agreements.

CPPCC DELEGATION ENDS VISIT TO GDR 19 SEP

OW191703 Beijing XINHUA in English 1625 GMT 19 Sep 85

[Text] Berlin, September 19 (XINHUA) -- Establishment of ties between the Chinese People's Political Consultative Conference (CPPCC) and the National Front of Democratic Germany has opened a new way for development of friendly cooperation, Liu Ningyi, head of the CPPCC delegation that ended today a ten-day visit to Democratic Germany, told XINHUA. Liu said the visit was successful and achieved its desired results. He also said he hoped that the people of Democratic Germany would achieve greater successes in their socialist construction. The Chinese delegation left here today.

KANG KEQING MEETS VISITORS FROM GDR 17 SEP

OW171643 Beijing XINHUA in English 1635 GMT 17 Sep 85

[Text] Beijing, September 17 (XINHUA) -- Kang Keqing, president of the All-China Women's Federation, met with Prof Anneliese Saelzler, acting president of the National Committee of the German Democratic Republic of the United Nations Children's Fund, and her party here this evening. Kang Keqing is also vice-chairman of the National Committee of the Chinese People's Political Consultative Conference. The visitors arrived here earlier today to study Chinese children's education and hygiene.

SHAANXI SIGNS BARTER TRADE AGREEMENT WITH POLAND

HK171139 Xian SHAANXI RIBAO in Chinese 30 Aug 85 p 1

[Report: "Our Province Signs an Agreement With Poland on the Exchange of Commodities"]

[Text] Today, this province and the Polish People's Republic signed a barter trade agreement. This province will export to Poland cotton, grey cloth, cotton textiles, and some native and animal products in exchange for Poland's trucks, cars, and machinery. Liu Yulan, deputy director of the provincial Foreign Economic Relations and Trade Department, signed the agreement on behalf of our side with the commercial counselor of the Polish Embassy in China. Provincial Vice Governor Zhang Bin and deputy department chief Ye Lingyun from the Ministry of Foreign Economic Relations and Trade attended the signing ceremony and received the Polish comrades.

HUNGARY'S PRESIDENT RECEIVES NEW ENVOY

OW171830 Beijing XINHUA in English 1509 GMT 17 Sep 85

[Text] Budapest, September 17 (XINHUA) -- Hungarian President Pal Losonczi said today that he was glad to see the development of Hungarian-Chinese relations and hoped the two countries would strengthen economic, scientific and technological cooperation. Losonczi expressed his hopes for future relations with China upon receiving the credentials of Chinese Ambassador to Hungary Zhu Ankang. The Chinese ambassador said he is confident that friendly relations between the two countries would develop further.

After the reception Zhu, accompanied by the Hungarian capital's Garrison Commander Karoly Elkan, placed a wreath on a monument at the Hero Square. Zhu arrived in Budapest on September 13.

RENMIN RIBAO CONDEMNS ISRAELI 'ATROCITIES'

HK171510 Beijing RENMIN RIBAO Overseas Edition in Chinese 14 Sep 85 p 6

["Short" commentary: "Condemning Israel's New Atrocities"]

[Text] The Israeli authorities have continued to employ brutal high-handed and terrorist tactics on the West Bank and the Gaza Strip to intensify suppression of the local Palestinian residents. It has enforced such repressive measures as arrests, imprisonment, curfew, closure of schools and hospitals, confiscation of land, and even wanton killings and arson to frantically practice racism. Public opinion in the Palestinian and Arab world has strongly protested against these savage acts. The Chinese people sympathize with the sufferings of the Palestinian people and resolutely condemn the barbaric atrocities committed by the Israeli authorities.

The course of events since 1948 has proved that it is not possible for the Israeli authorities to stamp out the revolt of the Palestinians by violent suppression. The repressive measures followed by the successive Israeli Governments have never helped realized the so-called "security"; instead they have provoked stiffer resistance by the Palestinian people. It is completely justifiable that the Palestinian residents are compelled to adopt various means to rise in self-defense. The more tyrannical the suppression, the stronger the resistance. This is an inevitable result of the perverted actions of the Israeli authorities.

What merits particular attention is that the Israeli authorities have recently emboldened, aided, and abetted the Zionist terrorists in killing Palestinians and looting and burning down their property by extremely sinister means. The Israeli authorities have all along styled themselves as "anti-terrorist," but what they are now doing shows their true colors as terrorists.

The Israeli authorities' repression in its occupied areas are also meant to exacerbate the Middle East situation and further obstruct and jettison the efforts for a just and peaceful solution to the Middle East issue. Since the beginning of this year, in order to peacefully solve the Palestinian issue, the Arab countries and the Palestine Liberation Organization have taken a series of active moves toward peace and security in the region. But the Israeli authorities, far from responding to them, have raised harsher demands and stuck by their position of expansionism. Obviously, in intensifying its repressive means and exacerbating the Middle East situation, the Israeli authorities show that they were harboring evil intentions to obstruct and scuttle the peace process in the Middle East. This cannot be allowed. Those who uphold what is fair should support the Arab countries and the Palestinian people in defeating Israel's scheme.

PALESTINIAN LEADER ON PRC 'SUPPORT, ASSISTANCE'

OW151044 Beijing XINHUA in English 1033 GMT 15 Sep 85

["Palestine Liberation Front To Work for Palestinian Unity" -- (by Xie Pinru) -- XINHUA headline]

[Text] Tunis, September 14 (XINHUA) -- The Palestine Liberation Front (PLF) will continue to work for unity of the Palestinian people in accordance with a resolution adopted at its recent national general congress, PLF General Secretary Abu Abbas stated here today.

In an interview with XINHUA, Abbas pointed out that Palestinian unity is the most important factor for achieving their revolutionary goal.

He noted that the presence of PLO Chairman Yassir 'Arafat and other Palestinian leaders at the congress was in itself a demonstration of unity and was in line with the common aspiration of the Palestinian people.

The PLF will adhere to the Aden-Algiers Agreement signed in 1984 by five main Palestinian factions including PLF, Abbas said. The five organizations can get united again under this agreement, which called for dialogue to iron out differences within the PLO, He said. He said that a committee would be set up to study the possibilities of cooperating with the Fatah for launching joint actions.

The congress which ended here Tuesday "has unanimously rejected the Jordanian-Palestinian accord" reached by Yassir 'Arafat and King Husayn of Jordan in February, Abbas said. It stressed the sole legitimate representation of the PLO, independence and self-determination of the Palestinian nation and armed struggle under the leadership of the PLO against Israel. He maintained that "the fundamental task faced by Jordan and Palestine is to protect the peoples and fight against Israeli ambitions. The people of Jordan and Palestine should unite and fight together against any threat of Israeli aggression."

Abbas paid a high tribute to the Chinese people and government for their support and assistance to the Palestinian people. "China has been and will remain to be the faithful friend of the Palestinian people," he said.

FURTHER COVERAGE OF CPC DELEGATES CONFERENCE

5-Year Plan Stresses Reform

OW191342 Beijing XINHUA in English 1325 GMT 19 Sep 85

[Text] Beijing, September 19 (XINHUA) -- Reform and efforts to link it with construction are the key to China's Seventh Five-Year Plan starting in 1986. This point is made in the draft proposal of the Chinese Communist Party Central Committee concerning the Seventh Five-Year Plan (1986-1990) now being discussed at the National Party Conference which began yesterday. The proposal sees the period as crucial for all-round reform of China's management systems of the economy, science and technology and education.

Swiftly eliminating flaws in the management systems that hinder the growth of the productive forces and gradually establishing dynamic systems can ensure a steady growth of the Chinese economy in the next five, ten or 20 years or beyond, the proposal says. Cultural advance must go hand in hand with building the material base, the proposal stresses. "Under no circumstances should we forget that the four modernizations we are striving to achieve are of a socialist nature," the proposal says. "All the policies we have adopted for reform, for opening to the rest of the world and for revitalizing our domestic economy are aimed at building socialism with Chinese characteristics."

The essence of reform is to push construction forward, the proposal says. At present, however, construction should be arranged in such a way as to facilitate reform. A rational rate of economic growth must be fixed and blind competition and pursuit of increased output and output value guarded against. This can prevent strains and disorders in economic life and create favorable conditions for reform. Attention should be fixed on the purpose of reform and the measures taken must be sound, the proposal says. They should all mesh with each other to improve local initiative and overall control. Then the entire economy can grow steadily.

Another basic principle included in the proposal is to keep a basic balance between general social needs and supply, so that an appropriate ratio of accumulation to consumption is maintained.

Investment in fixed assets must be kept within bounds. This is necessary in order to keep a balance between income and expenditure with respect to state revenue, foreign exchange, credits and materials, and also among the four. "This is the fundamental condition for ensuring correct proportions among different elements of the economy, stable economic activities and the smooth progress of structural reform," the proposal says. Since the scale of construction at present is over-extended, it says, the amount of investment in fixed assets for 1986 and 1987 will remain roughly the same as for 1985; it may be increased in the last three years of the plan, according to circumstances.

On the premise that the scale of investment in fixed assets is controlled, financial and material resources should be concentrated on the construction for the basic industries and the infrastructure such as energy, transport, telecommunications and raw and semi-finished materials. The tendency of trying to do everything at once regardless of priorities must be avoided.

Great attention must be given to quality and economic results. The relations between quality and quantity and between economic results and higher rate of output must be handled well. Inferior quality and poor economic results have been a chronic headache, and far from being overcome. Quality control must be tightened, technical management improved, labor discipline and financial discipline enforced and the methods of check-up and supervision made better.

Economic Proposal Outlined

OW200230 Beijing XINHUA in English 0200 GMT 20 Sep 85

["Main Points of Proposal for Seventh Five-Year Plan" -- XINHUA headline]

[Text] Beijing, September 20 (XINHUA) -- The Seventh Five-Year Plan (1986-90) is to promote China's economic restructuring in an all-round way according to the draft proposal of the Chinese Communist Party Central Committee now being discussed at the National Party Conference. The proposal raised basic guiding principles and goals for the country's economic work, strategic guidelines and major policies and measures for economic and social development, and suggestions and steps for economic reform during the Seventh Five-Year Plan period in accordance with the general requirements of building a socialism with Chinese characteristics and the general principle of revitalizing China's domestic economy and opening to the rest of the world.

The proposal is a programmatic document for guiding the formulation of the Seventh Five-Year Plan.

The 1986-90 period, the proposal says, is crucial for all-round reform of China's economic structure. Reform must be put in first place so as to lay the foundation for a socialist economic structure with Chinese characteristics, with great vigor and vitality, in the next five years and more. This goal calls for efforts to increase the vitality of enterprises, especially state-owned large and medium sized enterprises, so they become independent and responsible for their own profit or loss; to stimulate the socialist planned market and gradually improve the marketing system; and to reduce direct state control gradually over enterprises and establish indirect control. Economic and legislative methods and necessary administrative means should be used to control and regulate economic operations, the proposal says.

During the period, the proposal points out, there should be a sustained and stable economic growth to prepare material and technology for continuing economic and social growth in the 1990s. The annual increase of GNP for the Seventh Five-Year Plan should be seven percent, that for agriculture, six percent, and industry, seven percent. Total output value of both industry and agriculture and the GNP in 1990 are to be double those of 1980.

Major production targets for 1990 set in the proposal include 550 billion kWh of electricity, one billion tons of coal, 150 million tons of crude oil, 44 million tons of rolled steel and a 30 percent increase over 1985 for freight volume.

The proposal calls for the concentration of necessary financial, material and technical resources to build a number of key projects of high quality and efficiency in the fields of energy, transport, telecommunications and raw materials. By stepping up technical updating of existing enterprises and equipping all sectors of the national economy with advanced technology, the quality and properties of a considerable proportion of products in each trade in 1990 should be up to the level of the advanced countries in the late 1970s or early 1980s. A number of major products be manufactured according to international standards.

The proposal points out that agricultural growth remains the foundation for the development of China's national economy as a whole and full attention must be given to its strategic importance. Policies and science should be used to improve production conditions and promote a steady, all-round growth of agriculture. Expansion of town and township enterprises is necessary to revitalize China's rural economy.

The proposal calls for marked progress in using new technology to transform traditional industries and developing new technologies, and making breakthroughs in some new technologies of vital importance. In the next five years, nine-year compulsory education should be promoted step by step, and vocational and technical education and higher education expanded. A total of eight million students are to be trained in polytechnic, vocational and technical schools, an increase of 150 percent over the Sixth Five-Year Plan period. Institutions of higher learning are to turn out 2.6 million graduates through regular or special college courses, 70 percent more than the 1981-85 period, and 200,000 postgraduates, a jump of more than four times. Adult higher education should be expanded through such varied forms as radio, TV, correspondence and evening courses, so as to train two million specialized personnel, 150 percent more than in the previous period.

In accordance with the principles of independence, equality and mutual benefit, China will expand its economic, trade and technological exchanges with other countries, both developed and developing. Total volume of imports and exports in 1990 is expected to increase by 40 to 50 percent over 1985. And foreign funds and advanced technology will be used on a greater scale to accelerate China's socialist modernization. Expanding exports and earning more foreign exchange require a correct strategy that conforms to the demands of the international market and China's potential as regards export commodity structure, exploration of international markets and arrangements of export commodity production.

Efforts should be made to create an export production system and open the special economic zones, coastal cities and areas to foreign investors more fully. This will help increase output of major export goods and open new international markets by taking flexible and diversified forms. Tourism and labor services should be expanded to increase revenue of non-trade foreign exchange items.

As the ability to repay rises, more foreign funds should be used, including preferential loans and commercial loans, to supplement the inadequate funds for domestic construction. Foreign business people are encouraged, under the principles of equality and mutual benefits, to run joint ventures, cooperative enterprises or enterprises with sole foreign investment, especially technology-intensive undertakings or those turning out products for export. Efforts will be intensified to bring in knowledge and skills from abroad through various channels.

With regard to the people's livelihood and social benefits, the proposal says that the basic starting point of all the policies of the Chinese Communist Party and government for modernization is the constant improvement of the people's material and cultural life and achievement of common prosperity of all members of society. As production grows and economic returns improve in the next five years, consumption by the Chinese people is to rise by 25 percent, a rate of four or five percent annually, in keeping with the pace of average per capita income increase. The gap between urban and rural residents will be narrowed further, and the quality of people's life and their living conditions improved.

This also calls for more service, cultural and recreational undertakings while the output of consumer goods rises, the proposal says. A system of vacations should be gradually instituted for workers and government employees on the basis of improved labor efficiency. Construction of urban public utilities should be improved and attention paid to environmental control and protection.

Employment must be provided for new people entering the labor force by opening up more channels under overall planning. It is necessary to consider and establish a new social security system of different types conforming to China's conditions in the new circumstances of invigorating the domestic economy and opening to the rest of the world.

The proposal says that the Seventh Five-Year Plan is a plan for peaceful development that will mobilize the people of the whole country to dedicate their efforts to the reform and promoting socialist modernization. China pursues a foreign policy of independence, opposes hegemonism and safeguards world peace. The growth of China's economic strength means the growth of the world forces for peace.

Successful fulfilment of the Seventh Five-Year Plan will carry China a new step forward on the road of becoming a strong and prosperous country with its people well-off and happy and make new contributions to the maintenance of world peace and stability, the proposal adds.

Yuan Mu Briefs Reporters

OW200335 Beijing XINHUA in English 0318 GMT 20 Sep 85

[Text] Beijing, September 20 (XINHUA) -- Yuan Mu, deputy secretary-general of the Central Economic and Financial Leading Group, today briefed reporters on the main contents of the draft proposal of the Chinese Communist Party Central Committee on the Seventh Five-Year Plan (1986-90). The press conference was presided over by Zhu Muzhi, spokesman for the ongoing National Party Conference. This was the second news briefing he gave since the conference began Wednesday.

The proposal, Yuan said, is a programmatic document to guide the formulation of China's Seventh Five-Year Plan which will push forward economic restructuring in an all-round manner. Reform must be placed above everything else and efforts be made to lay the foundation for a socialist economic system with Chinese characteristics, with greater vigor and vitality, in the next five years or more, he said.

During the Seventh Five-Year Plan period, Yuan Mu stressed that China would expand economic, trade and technical exchanges with other countries, both developed and developing, under the principles of independence, equality and mutual benefit.

Answering a question about China's special economic zones and open cities, Yuan Mu said that in the next five years China would continue the policy of opening to the outside world with special attention given to the special economic zones and the 14 open cities. Efforts would be made to develop the Pearl and Yangtze River Deltas, the Liaodong and Jiaodong peninsulas, which are open to foreign investors.

The special economic zones including Shenzhen would absorb more foreign funds, he added. These zones should produce more goods suitable for international markets. In the next five years, the relations between the special economic zones and industrial and commercial circles in Hong Kong would be strengthened instead of weakened, he said.

Referring to economic restructuring in the Seventh Five-Year Plan period, Yuan said, practice over the past few years shows that it is imperative to give enterprises more decision-making power to increase their capabilities to develop and to enforce overall control of the economy.

The state will use economic legislation and jurisdiction and other regulatory means to control the economy. The general principle of the reform is to keep the reform going by taking prudent measure, he stressed.

In response to a question about restrictive factors expected to encounter in the new five-year plan period, Yuan said that the proposal makes an explicit explanation of this. Such factors include the huge population, the weak economic base and uneven economic development. At present, there is also the problem of too fast a growth rate and over-extended scale of capital construction. "But all these problems will be solved," he said.

Lack of qualified personnel will be another restrictive factor, Yuan Mu said. Therefore, the proposal stresses the importance of training professional people. During the period, he said, China will broaden the scale of bringing in knowledge and skills and invite more experts from abroad to help its construction.

When asked about China's foreign exchange reserves, Yuan Mu said that in the last quarter of 1984 China failed to exercise tight control over the use of foreign exchange, leading to a drop in the reserves. He traced the causes to a too high economic growth rate, over-extended capital construction and the import of too much raw materials in support of domestic construction.

Since the beginning of this year, he said, China has taken measures to curb the decline in foreign exchange reserves. Because of these measures, this year will see a smaller decline in the reserves than last year, he added. At the same time, China is trying to expand its export of commodities and labor service and develop tourism so as to earn more foreign exchange. "China can maintain a balance in international payments," he said.

STATISTICAL BUREAU REPORTS LIVING STANDARD UP

OW171238 Beijing XINHUA in English 1138 GMT 17 Sep 85

[Text] Beijing, September 17 (XINHUA) -- Nutritious food, high-quality clothing and consumer durables -- including refrigerators and T.V. sets, which were luxuries for most Chinese until a few years ago -- are becoming increasingly common. The volume of China's food retail sales is expected to soar 120 percent this year over 1980 figures, according to the State Statistical Bureau. This will be an increase of 69 percent, taking price increases into account, an official said.

Staple foodstuffs account for 19 percent of the total food sales, compared with 23.5 percent five years ago. Expenditure on non-staple food rose to 81 percent of the total from 76.5 percent in 1980. During the five-year period, supplies of grain, pork and fish have risen up to 100 percent, edible oil, mutton beef, eggs, poultry and liquor at least doubled, and canned food, powdered milk, milk products, children's food and nutritious food at least tripled.

Sales of chemical fiber textiles, woolen textiles, knitting wool, silk and satin have increased 110 to 170 percent since 1980, an official said, adding that supplies of cotton textiles have risen only 14.7 percent. Western suits and down-filled clothing have become very popular items, with sales rising at least tenfold.

"With enough to eat and wear, both urban and rural residents are now spending more on consumer durables," the official said. As a result, household electrical appliances, fashionable furniture and gold jewelry are all in short supply. Over the past five years, sales of washing machines and refrigerators have soared at least 58 times, and T.V. sets, electric fans, tape recorders and cameras, five to 20-fold.

Economy Expands

OW181223 Beijing XINHUA in English 0721 GMT 18 Sep 85

[Text] Beijing, September 18 (XINHUA) -- Collective and individual sectors of the national economy of China has grown rapidly during the Sixth Five-Year Plan period from 1981 to 1985, according to the State Statistical Bureau. By the end of 1984, 99 percent of the peasant families were working under the responsibility system of contract that links income with output.

The number of workers in collective-owned factories in cities and towns increased to 32.16 million in 1984 from 20.48 million in 1978 and the number of urban self-employed came to 3.39 million from 150,000. The workers in these two sectors accounted for 29.1 percent of the total workforce as against 21.7 percent in 1978.

The proportion of collective sector went up from 19.2 percent to 25 percent in terms of industrial output value, and the individual sector accounted for 0.2 percent. Other sectors including Chinese joint ventures, Chinese-foreign joint ventures, enterprises run by Overseas Chinese and foreign business people accounted for 1.2 percent.

Retail sales handled by state commerce dropped from 90 percent in 1978 to 45.6 percent in 1984 while those handled by collective businesses rose from 7.4 percent to 39.6 percent and those handled by individuals and [words indistinct] trade rose from 2.1 percent to 14.6 percent.

State ownership in China is the major sector, supplemented by collective and individual sectors.

Report on Housing Construction

OW181221 Beijing XINHUA in English 1127 GMT 18 Sep 85

[Text] Beijing, September 18 (XINHUA) -- China is expected to build 920 million square meters of urban housing during the 1981-1985 period, according to the State Statistical Bureau. This is 32 percent more than the goal of 700 million square meters set in the Sixth Five-Year Plan.

The value of total amount of construction and installation work is estimated at 321.9 billion yuan during this period, 53 percent more than the planned amount of 210 billion yuan.

Up to now, the country has 9,400 urban state and collective construction enterprises and the total number of construction workers is expected to reach 8.8 million by the end of this year, a 24.2 percent increase over that in 1980. In addition, there are more than 3,200 construction survey and design institutes which will employ 325,000 people by the end of this year, a 15 percent jump from 1980.

The country has also signed contracts with over 60 countries and regions since 1981 for undertaking construction projects and providing labor services abroad. There are at present 60 companies in China in charge of this work.

The country's state-run construction enterprises had 201,000 pieces of construction equipment by the end of 1984, 11.7 percent more than that in 1980.

The full-attendance labor productivity of state construction companies this year is expected to reach 7,000 yuan, 64.4 percent more than in 1980.

Industrial Output

OW190932 Beijing XINHUA in English 0902 GMT 19 Sep 85

[Text] Beijing, September 19 (XINHUA) — Most of the industrial products have met ahead of time the targets set for the Sixth Five-Year Plan period between 1981 and 1985 and the proportion between heavy and light industries are well balanced, according to the State Statistical Bureau. This is the result of economic reforms over the past five years, the bureau officials said.

The bureau listed three reasons for this good industrial situation:

-- The restructuring of the rural economy has created favorable conditions for industrial production. The good harvests for several years running has provided sufficient raw materials and a vast market for industry.

Over the past five years the output of industries using raw materials from agriculture has increased by 111.8 billion yuan, about one-third of the total increase of the country's industrial output.

Between 1981 and 1984, the output of walking tractors and plastic film for farm use trebled. Internal combustion engines for irrigation increased by 30 percent, and consumer goods sold in the countryside increased by 80.4 percent.

-- Urban economic reform has injected vigor into industrial enterprises. The output of crude oil topped 770 million bbl in 1984 and is expected to exceed the target of the Sixth Five-Year Plan by 26 percent. The coal output is expected to surpass the plan by 24.3 percent.

The introduction of taxation system instead of profit delivery helped improve economic efficiency. The enterprises affected increased their output value by 18.4 percent in 1984 over that in the preceding year. Their gross profits increased by 17.5 percent and profits and taxes paid to the state increased by 12.6 percent, all surpassing the national average.

About 3,000 small state-run businesses have been contracted to or leased to collectives or individuals and this has brought about a big increase in profits and taxes.

-- The policy of opening to the outside world and reinvigorating the domestic economy has given a big boost to the collective and private sectors of the economy as well as the state sector. The state enterprises have enjoyed an average yearly increase of 8.6 percent. The collective sector recorded a 17.9 percent increase every year, and self-employed businesses, whose number rose from 69,000 in 1980 to 432,000 in 1984, chalked up an 18.5 times increase in terms of output value.

In the meantime, there has also been a rapid development of Chinese-foreign joint ventures and industries funded by foreign or Overseas Chinese firms. There were 53 joint ventures in operation last year, compared with only eight in 1981.

MORE POWER FOR LARGE STATE COMPANIES STRESSED

OW192016 Beijing XINHUA in English 1956 GMT 19 Sep 85

[Text] Beijing, September 19 (XINHUA) -- The nation's larger state-owned companies must be given more power to achieve their full potential, according to a State Council instruction.

Local authorities and departments must abide by the principle of separating the functions of government from businesses, according to a circular from the State Economic Commission and State Commission for Restructuring the Economy issued earlier this month. These authorities must further streamline their administration, institute decentralization and positively create favorable conditions for big enterprises to modernize and flourish. Taxes paid by these businesses are the major source of state revenue, so moves to invigorate them further are of strategic importance, the circular says. Big enterprises must be able to make the best use of talented workers, advanced technology and capital investment to raise the quality of products and reduce costs.

The circular points out that many larger enterprises still have weak management systems and outdated equipment, and return poor economic results. To improve matters, the state invested 10.49 billion yuan in 550 major state-owned businesses in the first half of this year -- 23.9 percent more than in the same period last year.

MEASURES ISSUED ON TECHNOLOGY IMPORT CONTRACTS

OW200253 Beijing XINHUA Domestic Service in Chinese 1324 GMT 18 Sep 85

[Text] Beijing, 18 Sep (XINHUA) -- On the basis of the "Regulation Governing Contracts on Import of Technology of the People's Republic of China", the Ministry of Foreign Economic Relations and Trade has recently formulated the "Measures for the Examination and Approval of Contracts for the Import of Technology." The measures have been approved by the State Council and will go into effect from 1 October 1985.

The main contents of the "Measures for the Examination and Approval of Contracts for the Import of Technology" are:

Irrespective of the national origin of the supplier, source of funds or forms of payment, the following contracts for the import of technology must go through the procedure of being examined and approved by the government according to regulation:

1. Contracts or permits for the transfer of industrial property rights and special technology;
2. Technical service contracts including contracts to entrust a foreign enterprise or cooperate with a foreign enterprise to study the feasibility of a project or an engineering design; contracts for the hiring of a foreign geological prospecting or engineering team to provide technical services; and contracts to entrust a foreign enterprise to provide technical services for enterprise transformation, for the improvement of production technology and production design, and for quality control and enterprise management;
3. Contracts for cooperative production that involve the transfer of or permit for the use of industrial property rights and special technology;
4. Contracts that provide factories, workshops, or complete sets of production lines; involve the transfer of and the permit for the use of industrial property rights and special technology and provide technical services;
5. Contracts with regard to the procurement of machinery and equipment or goods that involve the transfer of and permit for the use of industrial property rights and special technology and provide technical services.

Contracts for the import of technology from foreign investors or other foreign sources signed by foreign enterprises, Chinese-foreign joint ventures, or enterprises under Chinese-foreign cooperative management should go through the procedure of being examined and approved according to the regulation.

Contracts for the import of technology must be separately examined and approved in the following manner:

According to the existing quota regulation, any contract that involved an above-quota project whose feasibility report or equivalent document has been approved by the State Planning Commission must be examined and approved by the Ministry of Foreign Economic Relations and Trade.

Any contract that involves an under-quota project whose feasibility report or equivalent document has been approved by a department of or a bureau under the direct administration of the State Council in charge of this matter must be examined and approved by the Ministry of Foreign Economic Relations and Trade or a department of or a bureau under the direct administration of the State Council on behalf of the Ministry of Foreign Economic Relations and Trade. The "certificate of approval for a contract to import technology" should be issued by the Ministry of Foreign Economic Relations and Trade in a unified manner.

Any contract that involves an under-quota project whose feasibility report or equivalent document has been approved by a province, autonomous region, municipality directly under the central government, special economic zone, coastal city open to the outside and any independent city included in the plan must be examined and approved by the respective department (commission or bureau) of foreign economic relations and trade.

Any contract that involves a project whose feasibility report or equivalent document has been approved by any city or county must be examined and approved by the department (commission or bureau) of foreign economic relations and trade in the province, autonomous region, or municipality directly under the central government where the city or county is located.

STATE COUNCIL PUBLISHES AUTO TRADE REGULATIONS

OW200446 Beijing XINHUA Domestic Service in Chinese 0009 GMT 18 Sep 85

[Text] Beijing, 18 Sep (XINHUA) -- The State Council General Office recently transmitted the "Provisional Regulations on the Automobile Trading Market," submitted by the State Administration for Industry and Commerce, and notified all localities and departments to observe and implement them.

The main contents of these provisional regulations are:

1. Automobile trading centers (including sales points), set up by the materials and equipment department, and the automobile industrial trading companies, set up by the China Automotive Industrial Corporation's sales service companies are authorized to sell automobiles and organize automobile transactions. The above centers and companies must register with, obtain approval from, and be issued business licenses by administrations for industry and commerce before beginning operations.
2. Automobiles put on the market by departments and people's governments of provinces, autonomous regions, and municipalities directly under the central government with the approval of the State Council, and the above-quota automobiles produced by state-assigned producing enterprises and permitted to be sold by these enterprises themselves (including the portions of automobiles produced by military industrial enterprises permitted to be marketed for civilian use) must be sold at the above-mentioned centers and companies. Automobiles produced by enterprises not designated by the state should also be sold there.

Automobiles for production cooperation, or for exchange in kind, should also be transacted there, after negotiation between the parties concerned. Illegal resale under the name of cooperation and exchange is prohibited.

3. Automobile transactions may be carried out in different forms. Producing enterprises may sell their automobiles themselves in the above-mentioned centers and companies; they may also sell automobiles through commission or mail order; they may sell automobiles on the spot or sell futures. Regarding futures transactions, the buyer and seller must sign a contract.

4. Beginning on 1 November, automobiles sold in the above-mentioned centers and companies must have their purchase certificates bearing the verification seal of an administration for industry and commerce. Without this, the public security and transportation administration departments will not issue license plates and will not keep records for them.

5. Automobiles sold at the above-mentioned centers and companies must be sold at the state listed or fluctuating prices within margins listed by the state. As to those automobiles for which the state lists no prices, the producing enterprises may set their own prices, sell their automobiles with price tags, and conduct transactions at negotiated prices in line with the market situation.

6. Used automobiles (excluding those imported according to state plans) must be sold at the market designated by the people's governments of provinces, autonomous regions, and municipalities directly under the central government, and presentation of a certificate of purchase at this market is necessary for transfer of ownership. Sales of automobiles, which should be junked according to regulations, are prohibited.

7. The materials and equipment department and the automobile industrial sales service companies must provide information about the automobile sales market and render good service. Industrial enterprises must pay the utmost attention to product quality and produce readily marketable automobiles. Administrations for industry and commerce must strengthen their supervision and control, and coordinate economic relations among all parties concerned.

8. Automobile sales must be carried out according to state policies and regulations, including paying taxes and accepting supervision and control. Strictly prohibited are operating automobiles without license plates, illegal resale of automobiles, sale at negotiated prices of the automobiles produced under mandatory plans, and sale of quotas, contracts, sales vouchers, and purchase certificates. Violations will be dealt with by administrations for industry and commerce and tax departments according to related regulations. Criminal offenses will be handed over to judicial organs to have criminal responsibility investigated and affixed.

XINHUA COMMENTARY DECRIES 'LUXURIOUS' CARS

OW181435 Beijing Domestic Service in Mandarin 1200 GMT 15 Sep 85

[Text] The XINHUA NEWS AGENCY has carried a reporter's commentary [date not given] on importing extravagant, high-quality limousines by some localities, stressing that the principle of building the country through thrift and hard work should be upheld and that the trend of competing with one another in being ostentatious and extravagant should be checked.

To be ostentatious and extravagant, some localities have purchased imported high-quality limousines with public funds while looking at Chinese-made Shanghai-brand cars with a critical eye. In some cities, it seems to be a matter of losing face if a motorcade carrying distinguished foreign guests were formed by Shanghai-brand cars.

Shanghai-brand cars carrying working personnel, which usually tail behind such a motorcade, cannot travel before it even when the work of their riders requires them to do so. In the parking areas in front of guesthouses, the yelling that Shanghai-brand cars get out of the way is too unpleasing to the ear. The practice of showing extravagance with imported cars tends to spread into small and medium-sized cities. Some prefectures and counties are so poor as to rely on state subsidies to solve their financial problems, yet government organizations there are still trying in every possible way to buy [Toyota] Crown sedans.

The commentary says: Cadres in some localities hold that our country is not prosperous yet and that our people have only a little more than enough to eat and wear. Primary schools in some localities even do not have enough desks for their students. How can some local cadres ride around in imported luxury sedans with an easy conscience? The cost of a luxury sedan amounts to the funds for building a primary school!

The commentary says: It is necessary for leading government organizations and foreign affairs departments to import some high-quality limousines. It is also proper to improve means of transportation for hardworking leading cadres in rural areas within the limits permitted by state regulations and economic conditions. However, under no circumstances should one compete with another in purchasing imported high-quality limousines. Attention should also be paid to socialist spiritual civilization in using and managing cars.

REPORT ON CHANGE IN COTTON POLICY APPROVED

OW180053 Beijing XINHUA Domestic Service in Chinese 0033 GMT 17 Sep 85

[Text] Beijing, 17 Sep (XINHUA) -- The State Council recently approved and transmitted the "Report on Modifying the 1986 Policy Concerning the Production, Purchase, and Marketing of Cotton" submitted by the Ministry of Commerce, the Ministry of Agriculture, Animal Husbandry and Fishery, the Minister of Textile Industry, the Ministry of Finance and the State Administration of Commodity Prices, and called on all localities and departments to seriously implement it.

In a circular issued in this connection, the State Council said: In modifying the cotton policy, it is necessary not only to make sure the readjustment will be useful in resolving the current contradiction between production and marketing, but also in considering the possible changes in the domestic and foreign markets that may occur in the coming period, to avoid any drastic upward or downward readjustment causing unnecessary losses. For this reason, it has been decided that the amount of cotton to be purchased by fixed quotas in 1986 will be maintained at 85 million dan. This still exceeds the present estimated marketable amount. All localities are expected to proceed from the interest of the whole situation, to strictly adhere to the purchase quotas fixed by the state when arranging for production, and to guard against unchecked development. In order to guide cotton-growing peasants in arranging their production in accordance with the state's requirement, and also to narrow the gap between cotton purchase prices in the south and the north, beginning from the marketing season for new cotton in 1986, the ratio of price increase for cotton in northern China will be changed from the "reverse 30-70 percentage rate" [dao san qi 0227 0005 0003] to the "reverse 40-60 percentage rate," and the ratio of price increase for cotton in southern China will remain at the "obverse 40-60 percentage rate" [zheng si liu 2973 0934 0362].

The circular said: In recent years, the amount of cotton purchased, processed, and stored has doubled and redoubled. Workers and staff members of cotton trade departments have worked hard, overcome difficulties, and done a reasonable job of fulfilling the tasks entrusted them by the state.

This year's new cotton is about to go on the market, and the purchase task is very heavy. Governments and various departments at all levels should conscientiously help cotton trade departments solve actual problems, and practically and successfully accomplish this year's purchase work.

Following are the main points contained in the report submitted by the Ministry of Commerce and the other departments.

1. To continue to keep cotton acreage under control and strive to improve cotton quality. According to the estimates of the various localities, this year's cotton acreage in China as a whole is more than 78 million mu. The over 20 million mu of reduced cotton fields have reverted to grain or other cash crops. This has led to some improvement in the agricultural structure. But the present problem is still output exceeding demand and inventories continuing to increase considerably. Therefore, both new and old cotton-growing areas should keep the interest of the whole situation in mind to make reasonable arrangements for cotton production and avoid unchecked development. Agricultural departments should strive to improve varieties of cotton, raise quality, and pay attention to developing counties growing fine-quality cotton.

2. To make further readjustments in the 1986 policy for the purchase and supply of cotton.

The planned nationwide cotton purchase for 1986 will remain at 85 million dan. There will also be no readjustments in the fixed purchase quotas assigned by the state for the various provinces, autonomous regions, and municipalities directly under the jurisdiction of the State Council. The people's governments and concerned departments at all levels should complete the assignment of fixed purchase quotas to the cotton growers before the wheat planting season begins. All should make production arrangements in accordance with the fixed purchase quotas assigned by the state, and refrain from planting above the fixed purchase quotas. Starting from the time when the new 1986 cotton goes on the market, the price increase ratio for cotton-growing areas in northern China will be changed from the "reverse 30-70 percentage rate" to the "reverse 40-60 percentage rate," that is, unified purchase price will be applied for 40 percent and increased price for excess purchase will be applied to the other 60 percent. The original ratio of "obverse 40-60 percentage rate" will continue to remain unchanged in the cotton-growing areas in southern China, that is, unified purchase price will apply for 60 percent and increased price for excess purchase will apply for the other 40 percent. Planned selective purchase will be practiced regarding cotton used for industrial purposes. Cotton needed by textile enterprises should be included in the purchase and transfer plans. Starting from the time the new 1985 cotton goes on the market, cotton needed by mills will be selected and procured by the cotton trade departments in accordance with the plan. For cotton needed to produce the portion of cotton yarn in excess of the production quota, it may be selected and purchased from cotton trade departments in the cotton-growing areas, which are the reasonable source for such procurements. Industrial departments should not directly approach cotton producers for the purchase of cotton.

3. To actively expand the utilization and sale of cotton and cotton cloth and solve the contradiction in which cotton output is higher than cotton sales. In arranging for next year's production tasks, the textile industry departments should do their utmost to create conditions, tap potential, and draw up a plan calling for more production of readily marketable cotton yarn, pure cotton cloth, and pure cotton knitwear. Cotton trade departments should produce cotton quilt wadding of various grades and diversified specifications to meet different needs. Trading in cotton wadding in lieu of cotton-padded clothes, should be allowed. Departments in charge of the retrieval of rejected material should organize to retrieve used cotton wadding.

People's governments at various levels should strengthen leadership over the work of cotton production, purchase, and marketing. They should promote cooperation and a harmonious relationship between agriculture and commerce and between industry and commerce, help the cotton trade departments solve actual problems, and strive to do their work well.

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BEIJING PLA UNITS HAIL LEADERSHIP CHANGES

OW191959 Beijing XINHUA Domestic Service in Chinese 1634 GMT 18 Sep 85

[Excerpts] Beijing, 18 Sep (XINHUA) -- The broad masses of commanders and fighters in PLA units stationed in Beijing warmly supported the decision of the 4th Plenary Session of the 12th CPC Central Committee and highly praised the large number of old comrades for taking into consideration the interests of the party and the people and setting examples in furthering the succession of new members in the central leading organs. They believed that this is a tremendous inspiration to the whole country and the entire Army.

After the request from more than 130 veteran comrades who have asked to resign from central leading organs was made public, the various party branches under the PLA General Staff Headquarters immediately organized forums to study this request. Those attending the forums showed respect for those old comrades who have asked to resign. Deputy Chief-of-Staff He Qizong, who is 42, said: A large number of veterans who have worked hard their entire lives for the Chinese revolution and construction attached great importance to the revolutionary cause. They fully reflected the lofty ethics of the Chinese Communist Party and a set of good example for us.

Zhang Gong, director of the Political Department of the Beijing Military Region, is a middle-aged cadre who has just joined the leading group. The action taken by the veteran comrades by putting the interests of the party and the people first has greatly educated him. He expressed his determination to follow the example set by his seniors, adopt a correct attitude, work harder than ever before, and exert sustained efforts all his life for the building of the people's Army.

PEOPLE IN BEIJING PRAISE CPC SESSION COMMUNIQUE

OW192213 Beijing XINHUA Domestic Service in Chinese 1715 GMT 18 Sep 85

[Excerpts] Beijing, 18 Sep (XINHUA) -- The 4th Plenary Session of the 12th CPC Central Committee has issued its communique, and the National Conference of Party Delegates has opened. This has brought about a festive jubilant atmosphere in the country's capital of Beijing. Large streamers with slogans warmly celebrating the successful opening of the National Conference of Party Delegates are hung on factories, party and government buildings, schools, and other public places; workers, peasants, intellectuals, and people of other walks of life, after reading the communique of the fourth plenary session, have expressed their exultation over these events.

Li Xin, secretary of the party committee of the Beijing printing and dyeing mill that had made remarkable achievements in economic structural reform, told a reporter: The convocation of the 4th Plenary Session of the 12th CPC Central Committee and the opening of the National Conference of Party Delegates will further advance the succession of new members into the central leading bodies, and we warmly support this.

Professors and students at Beijing and Qinghua Universities held forums this afternoon to study the communique issued by the 4th Plenary Session of the 12th CPC Central Committee and to acclaim the opening of the National Conference of Party Delegates.

After reading the communique of the 4th Plenary Session of the 12th CPC Central Committee, some noted personages issued statements to reporters of this agency expressing their excitement and their willingness to dedicate themselves to the service of the country.

Hu Ziang, chairman of the All-China Federation of Industry and Commerce and vice chairman of the Central Committee of the China Democratic National Construction Association, said: At the 4th Plenary Session of the 12th CPC Central Committee, a large number of old comrades -- who had made signal contributions to the revolution -- requested on their own to resign their membership or alternate membership in the CPC Central Committee or their membership in the Central Advisory Commission or the Central Discipline Inspection Commission. This major event of far-reaching significance shows that the CPC is full of vigor and vitality and has successors to carry on its cause. We Communists should treat each other with all sincerity, cooperate closely with each other, and work together to build our motherland into a modern, prosperous socialist state.

Zhang Guoji, president of the All-China Federation of Returned Overseas Chinese, said: The 4th Plenary Session of the 12th CPC Central Committee, which was held to forge ahead from the past into the future, ensured that the party's line, principles, and policies laid down since the 3d Plenary Session of the 11th CPC Central Committee would maintain their continuity and that the party would have successors to carry on its cause. After reading the communique of the 4th Plenary Session of the 12th CPC Central Committee, I and my comrades around me all feel jubilant. I think that our compatriots residing abroad also have the same feeling.

TIANJIN PEOPLE PRAISE CPC SESSION COMMUNIQUE

OW192200 Beijing XINHUA Domestic Service in Chinese 1554 GMT 18 Sep 85

[Excerpts] Tianjin, 18 Sep (XINHUA) -- The announcement of the communique of the CPC Central Committee's fourth plenary session and the convocation of the national party conference have greatly inspired the people in Tianjin. They have talked about the communique of the fourth plenary session of the CPC Central Committee and are full of confidence in developing the four modernizations program.

After reading the communique, Jiang Bingquan, director of the Tianjin seamless steel tubing factory and a model worker in Tianjin said: During the period of the Sixth 5-Year Plan (as of August 1985), our factory has made a profit of 90 million yuan with an average yearly profit increase of 44 percent. This is mainly a result of innovations and technical progress. The national party conference will adopt a proposal made by the central authorities on the Seventh 5-Year Plan. This is a major event. In fulfilling the Seventh 5-Year Plan, we must rely on the efforts of every enterprise and individual. From now on, we must make preparations for the fulfillment of the Seventh 5-Year Plan. We must continue to develop innovations and technical transformation in our factory, and do first-class work and try to achieve the best economic results.

Cao Huoxing, 60-year old director of Tianjin's Bureau of Culture and a veteran songwriter, is the writer of the famous song: "There Will Be No New China Without the Communist Party." He said: Ever since he participated in the revolution, he has firmly believed that the Communist Party is the Chinese people's great savior. When the song "There Will Be No New China Without the Communist Party" first appeared, it was given a rousing welcome by the broad masses of fighters and people. The people love this song because it reflects what they think as well as historical facts. The 4th Plenary Session of the 12th CPC Central Committee has reaffirmed the principle of furthering the succession of new members into the central leading organs. This constitutes the restoration and development of our party's glorious tradition. It will definitely rejuvenate and vitalize our party.

HEILONGJIANG RIBAO ON JIXI CITY STREAMLINING

SK200501 Harbin HEILONGJIANG RIBAO in Chinese 1 Sep 85 p 1

[Excerpt] Jixi City has delimited the structure of their organs and establishments and fixed the posts of their personnel, streamlined organs at the higher level to reinforce the grass-roots levels, and solved the overstaffing problems in organizations. It has streamlined 20 percent of the personnel from the party, government, and mass organizations at the city level, and 10 percent of the personnel from organs at the district level.

Beginning last March, the Jixi City CPC Committee and government implemented the system of delimiting the structure of city organs and establishments and fixing the posts of their personnel. First of all, it readjusted the structural establishment, abolished excess administrative and technical offices, merged professional administrative and technical offices of the same categories, and abolished unnecessary intermediate administrative procedures. The number of personnel in the party, government, and mass organs at the city and district levels will be reduced by 20 percent and 10 percent respectively. In addition, the number of leading cadres will be determined according to work tasks. After implementing the system of delimiting the structure of organs and fixing the posts of personnel, the city abolished 32 organs, demoted 51 administrative-level units they themselves had promoted to higher levels, and reduced its staff by 425 persons and the number of in-service leaders by 317. This will help reduce financial expenditure by some 600,000 yuan annually.

Implementing the system of delimiting the structure of organs and fixing the posts of personnel resulted in more capable ranks of cadres.

HEILONGJIANG SETS UP FUYUAN SATELLITE STATION

SK180457 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 17 Sep 85

[Text] A ground satellite reception station was completed in Fuyuan County of Heilongjiang Province, the easternmost corner of the motherland, on 15 September. The people in Fuyuan can watch the programs of the central television station on the same day.

JILIN OFFICIALS PAY LAST RESPECTS TO XIAO DANFENG

SK180502 Changchun Jilin Provincial Service in Mandarin 1030 GMT 17 Sep 85

[Excerpts] Despite all kinds of medical treatment, Comrade Xiao Danfeng, faithful communist fighter, retired veteran cadre, member of the Fourth National CPPCC Committee, and vice chairman of the Third and Fourth Jilin Provincial CPPCC Committee, died at the age of 83 in Changchun at 0350 on 11 September 1985.

A ceremony to pay last respects to Comrade Xiao Danfeng's remains was held this morning at the funeral room of the hospital in the Bethune Medical University. Attending the ceremony were leading comrades of the provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress, the provincial government, the provincial CPPCC Committee, the provincial Discipline Inspection Commission, the provincial military district, and Changchun City, including Wang Xianjin, Zhao Xiu, Zhang Shiyang, Dong Xin, Li Shuren, Chen Hong, Liu Cikai, Cheng Shengsan, Wu Duo, Wang Jiren, Yu Ruihuang, Dong Su, Xu Yuancun, Liu Yunzhao, (Gu Qinglin), Hui Liangyu, Gao Wen, Liu Shulin, Wang Jinshan, Zhang Fengqi, Zhang Dexin, Guan Mengjue, He Yunqing, Geng Yuelun, Luo Yuejia, Xin Cheng, Jin Minghan, (Li Deming), (Zhang Baohua), (Zhu Zhang), and Xiao Chun; and retired veteran cadres, including Li Diping, Yu Ke, Fu Zhensheng, Mu Lin, Zhao Tianye, (Shi Linqi), Zhang Kaijing, Wang Guanchao, (Yue Lin), (Yuan Zitao), and (Sun Sifeng). Qiang Xiaochu, Gao Di, Wang Daren, Gao Dezhan, Liu Jingzhi, and Wang Zhongyu visited Comrade Xiao Danfeng when he was in the hospital.

PRC PLANS TO ATTEND IMF MEETING IN SEOUL NOTED

HK190336 Hong Kong MING PAO in Chinese 19 Sep 85 p 6

[Special report from Hong Kong: "Delegation of the People's Bank of China Will Attend the International Monetary Fund Annual Meeting in Seoul"]

[Text] China has decided to send a delegation of the People's Bank of China headed by Liu Hongru, first vice president of the bank, to the International Monetary Fund (IMF) annual meeting to be held in Seoul from 8 to 11 October. As this will be the first official visit by a Chinese delegation to the country, South Korea looks upon it as a breakthrough in improving the relations between South Korea and China.

Well-informed sources indicated that China had officially notified the IMF that Liu Hongru, first vice president of the People's Bank of China, would head the delegation to the IMF annual meeting to be held in Seoul early next month. The IMF was worried that China would not send a delegation to the annual meeting, as China does not have diplomatic relations with South Korea. After China joined the IMF in 1980, it never sent a delegation to it until last year when Finance Minister Wang Bingqian headed a delegation to the IMF annual meeting in Washington.

The sources pointed out: Over the past years, South Korea has been hoping to improve its relations with China and to carry out direct trade with China. However, China's response has not been very enthusiastic. China has not sent officials to South Korea apart from Shen Tu, official at the vice ministerial level and director general of the Civil Aviation Administration of China, who went to Seoul to make arrangements for the return of the Chinese passenger plane and its crew members and passengers hijacked to Seoul in May 1983. South Korea and China only maintain cultural and sports exchanges, whereas all other contacts are carried out through Hong Kong.

The sources said: Although Liu Hongru is first vice president of the People's Bank of China, he is an official at the ministerial level. Therefore China's delegation to the IMF annual meeting in Seoul has not been downgraded due to Wang Bingqian's absence.

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September 23, 1985

